

OUTPATIENT MEDICAL CENTER, INC.

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

JANUARY 31, 2022
**(With Summarized Financial
Information for 2021)**

OUTPATIENT MEDICAL CENTER, INC.
January 31, 2022
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BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Outpatient Medical Center, Inc.
Natchitoches, Louisiana

Opinion

We have audited the accompanying financial statements of Outpatient Medical Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of January 31, 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Outpatient Medical Center, Inc. as of January 31, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Outpatient Medical Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Outpatient Medical Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Outpatient Medical Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Outpatient Medical Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

Report on Summarized Comparative Information

We have previously audited Outpatient Medical Center, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended January 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other-Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 19 - 21 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2022, on our consideration of Outpatient Medical Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Outpatient Medical Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Outpatient Medical Center, Inc.'s internal control over financial reporting and compliance.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Brown, Eyr & Co.

Ridgeland, Mississippi
September 20, 2022

OUTPATIENT MEDICAL CENTER, INC.
Statement of Financial Position
January 31, 2022
(With Summarized Financial Information for 2021)

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and cash equivalents	\$ 2,224,234	\$ 1,722,515
Patient care receivables, less allowance of \$241,712 for doubtful accounts	193,815	468,818
Prepaid expenses	34,897	-
Total Current Assets	<u>2,452,946</u>	<u>2,191,333</u>
Fixed Assets:		
Land	136,500	136,500
Building and improvements	4,208,609	4,108,759
Furniture and equipment	1,829,047	1,829,047
Leasehold improvements	95,187	95,187
Vehicles	26,327	26,327
	<u>6,295,670</u>	<u>6,195,820</u>
Less: Accumulated depreciation	<u>(4,188,413)</u>	<u>(3,979,904)</u>
Net Fixed Assets	<u>2,107,257</u>	<u>2,215,916</u>
 TOTAL ASSETS	 <u>\$ 4,560,203</u>	 <u>\$ 4,407,249</u>

The accompanying notes are an integral part of these financial statements.

OUTPATIENT MEDICAL CENTER, INC.
Statement of Financial Position
January 31, 2022
(With Summarized Financial Information for 2021)

<u>LIABILITIES AND NET ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Liabilities:		
Accounts payable	\$ 56,132	\$ 80,002
Other payroll deductions payable	51,016	9,297
Salaries payable	107,004	98,177
Accrued annual leave	78,877	70,072
Refundable advance	8,998	884,793
	-	-
Notes payable, current portion	<u>47,685</u>	<u>37,908</u>
Total Current Liabilities:	<u>349,712</u>	<u>1,180,249</u>
Long-Term Liabilities		
Notes payable	933,249	1,113,770
Less: current portion	<u>(47,685)</u>	<u>(37,908)</u>
Total Long-Term Liabilities	<u>885,564</u>	<u>1,075,862</u>
Total Liabilities	<u>1,235,276</u>	<u>2,256,111</u>
Net Assets:		
Without Donor Restrictions		
Undesignated (operating)	<u>3,324,927</u>	2,151,138
Total Net Assets	<u>3,324,927</u>	<u>2,151,138</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,560,203</u>	<u>\$ 4,407,249</u>

The accompanying notes are an integral part of these financial statements.

OUTPATIENT MEDICAL CENTER, INC.
Statement of Operations and Changes in Net Assets
For the Year Ended January 31, 2022
(With Summarized Financial Information for 2021)

	<u>Without Donor Restrictions</u>	
	2022	2021
SUPPORT AND REVENUES (Note 2)		
Support:		
Grants and contracts	\$ 3,875,848	\$ 4,238,927
Total Support	<u>3,875,848</u>	<u>4,238,927</u>
Revenue:		
Health care services, net of charity, bad debts and contractual adjustments of \$1,178,634	1,958,578	1,176,496
Fundraising income	141,793	87,729
Gain on sale of fixed assets	-	3,000
Forgiveness of debt income	512,500	707,100
Other income	61,019	29,862
Total Revenue	<u>2,673,890</u>	<u>2,004,187</u>
TOTAL SUPPORT AND REVENUES	<u>6,549,738</u>	<u>6,243,114</u>
EXPENSES		
Program Services		
Health care services	2,773,258	2,435,466
Community services	92,003	142,491
Total Program Services	<u>2,865,261</u>	<u>2,577,957</u>
Supporting Services		
Management and general	2,408,673	2,717,863
Fundraising	102,015	75,959
Total Supporting Services	<u>2,510,688</u>	<u>2,793,822</u>
TOTAL EXPENSES	<u>5,375,949</u>	<u>5,371,779</u>
Change in Net Assets	1,173,789	871,335
Net Assets, Beginning of Year	2,151,138	835,104
Prior period adjustment	-	444,699
Net Assets, as restated	<u>2,151,138</u>	<u>1,279,803</u>
Other changes in net assets	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 3,324,927</u>	<u>\$ 2,151,138</u>

The accompanying notes are an integral part of these financial statements.

OUTPATIENT MEDICAL CENTER, INC.
Statement of Functional Expenses
For the Year Ended January 31, 2022
(With Summarized Financial Information for 2021)

	Health Care Services	Community Services	Total Program Services	Management and General	Fundraising	2022	2021
Personnel	\$ 1,965,946	40,855	2,006,801	1,140,959	11,539	\$ 3,159,299	\$ 3,944,823
Fringe benefits	180,568	2,662	183,230	207,366	1,421	392,017	759,668
Travel	5,645	3,014	8,659	22,345	-	31,004	102,981
Supplies	350,312	3,019	353,331	39,642	2,399	395,372	311,455
Equipment rental	(999)	-	(999)	25,205	-	24,206	57,103
Contractual	73,754	29,514	103,268	143,555	-	246,823	467,367
Equipment expense	-	-	-	3,266	-	3,266	37,620
Legal and accounting	-	-	-	28,705	-	28,705	42,394
Dues and subscriptions	9,772	-	9,772	7,502	375	17,649	58,802
Utilities	12,850	939	13,789	49,803	-	63,592	162,726
Repairs and maintenance	50,166	-	50,166	147,112	-	197,278	207,002
Insurance	886	-	886	111,204	-	112,090	29,804
Staff recruitment	768	-	768	33,740	-	34,508	76,060
Advertisement	-	-	-	3,932	1,620	5,552	104,685
Security	-	-	-	1,122	-	1,122	1,248
Continuing education	-	-	-	1,109	-	1,109	30,752
Communications	17,391	-	17,391	5,844	-	23,235	101,772
Janitorial	-	-	-	6,507	-	6,507	339
Space cost	-	12,000	12,000	117,053	84,479	213,532	167,282
Interest	-	-	-	38,852	-	38,852	29,779
Taxes, licenses and fees	-	-	-	-	-	-	14,402
Bank charges	-	-	-	9,878	182	10,060	8,753
Food and beverage	53	-	53	2,777	-	2,830	12,436
Board expenses	-	-	-	-	-	-	2,731
Property taxes	5,117	-	5,117	5,573	-	10,690	4,544
Other	101,029	-	101,029	47,113	-	148,142	495
Total expenses before depreciation	2,773,258	92,003	2,865,261	2,200,164	102,015	5,167,440	6,737,023
Depreciation	-	-	-	208,509	-	208,509	163,262
Total Expenses	\$ 2,773,258	92,003	2,865,261	2,408,673	102,015	\$ 5,375,949	\$ 6,900,285

The accompanying notes are an integral part of these financial statements.

OUTPATIENT MEDICAL CENTER, INC.
Statement of Cash Flows
For the Year Ended January 31, 2022
(With Summarized Financial Information for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS USED FOR OPERATING ACTIVITIES:		
Changes in Net Assets	\$ 1,173,789	\$ 871,335
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	208,509	210,863
Prior period adjustment	-	444,699
Decrease (increase) in:		
Patient care receivables	275,002	203,383
Grants and contracts receivable	-	31,831
Debt issuance costs	-	-
Prepaid expenses	(34,897)	8,996
Increase (decrease) in:		
Accounts payable	(23,871)	(854,292)
Accrued salaries payable	8,826	98,177
Other payroll deductions payable	42,115	6,234
Refundable advance	(875,794)	884,793
Other liabilities	(394)	(7,255)
Accrued annual leave	8,805	70,072
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>782,090</u>	<u>1,968,836</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(99,850)	(80,183)
Reclassification of accumulated depreciation	-	(326,849)
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(99,850)</u>	<u>(407,032)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal reduction in notes payable and capital leases	(180,521)	(74,188)
Repayments of line of credit	-	(33,576)
NET CASH (USED IN) FINANCING ACTIVITIES	<u>(180,521)</u>	<u>(107,764)</u>
NET INCREASE (DECREASE) IN CASH	501,719	1,454,040
CASH, BEGINNING OF YEAR	<u>1,722,515</u>	<u>268,475</u>
CASH, END OF YEAR	<u>\$ 2,224,234</u>	<u>\$ 1,722,515</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for:		
Interest expense	<u>\$ 38,852</u>	<u>\$ 94,664</u>

The accompanying notes are an integral part of these financial statements.

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2022

NOTE 1 - ABOUT THE ORGANIZATION

Outpatient Medical Center, Inc. (OPMC), a non-profit corporation, was incorporated in the State of Louisiana as of December 1997. The primary purpose of the Corporation is to provide outpatient health care in a medically underserved area to patients who otherwise would have limited access to health care. The Corporation is supported through a grant from Public Health Service, a component of the U.S. Department of Health and Human Services.

The fiscal year of OPMC is February 1 to January 31.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting - The financial statements of Outpatient Medical Center, Inc., are presented on the accrual basis of accounting.
- B. Basis of Presentation - The Organization is required to report information regarding its financial position and operations according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the Organization is required to present a statement of functional expenses.
- C. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less that are not restricted for specific purposes.
- D. Donated Property and Equipment - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.
- E. Donated Services - Donated services are recognized as contributions in accordance with FASB Accounting Standards Codification 958, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.
- F. Expense Allocation - The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Accounting - The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

H. Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Acquisitions in excess of \$5,000 are capitalized. Property, furniture, equipment and buildings are depreciated over their useful lives ranging from 5 to 40 years.

The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition, as well as any disposition proceeds, is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding source.

I. Restricted and Unrestricted Revenue and Support - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the Statement of Operations as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

J. Employees' Annual Leave - OPMC charges annual leave earned by employees which has not been used by them at the end of a period to the period that the leave is earned.

K. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Net Patient Service Revenues and Provision for Bad Debt - Net patient service revenue is reported at the estimated net realized amounts from patients, third-party payors and others for services rendered, including estimated retroactive and prospective adjustments under reimbursements agreements with third-party payors. Third-party payors retain the right to review and propose adjustments to amounts reported by the Organization. Such adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization grants credit without collateral to patients, most of whom are local residents and are insured under thirty-party payor agreements. Additions to the allowance for doubtful accounts are made by means of the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance. The amount of the provision for bad debt is based upon management's assessment of historical expected net collections, business and economic conditions, trends in Federal and state governmental health care coverage, and other collection indicators. Services rendered to individuals when payment is expected and ultimately not received are written off to the allowance for doubtful accounts.

- M. Allowance for Doubtful Accounts - The Organization provides an allowance for doubtful accounts based upon a review of outstanding patient receivables, historical collection information, and existing economic conditions. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.
- N. Debt Issuance Costs - Debt issuance costs are recorded at cost and amortized on a straight-line basis over the term of the debt (15 years).
- O. Classification of Net Assets - Net Assets of OPMC are classified based on the presence or absence of donor-imposed restrictions. Net Assets are comprised of two groups as follows:
 - a) Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.
 - b) Net Assets With Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the organization. Certain restrictions may need to be maintained in perpetuity.

NOTE 3 - FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of the Organization's financial instruments, none of which are held for trading purposes, are as follows:

	<u>Carrying</u>	
Financial assets:	<u>Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$2,224,234	\$2,224,234
	<u>Carrying</u>	<u>Fair Value</u>
Financial liabilities:	<u>Amount</u>	<u>Fair Value</u>
Long-term notes payable	\$ 933,248	\$ 933,248

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2022

NOTE 4 - CONCENTRATIONS OF CREDIT RISK ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash balances in eight (8) financial institutions located in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the year, the Organization's cash deposits may exceed the federally insured limits and at January 31, 2022, its uninsured deposits totaled \$1,155,204.

NOTE 5 - LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, and other short-term investments.

The following table reflects the Organization's financial assets as of January 31, 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. There were no net assets with donor restrictions at January 31, 2022.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2022
Cash and cash equivalents	\$ 2,224,234
Net patient receivables	193,815
Total financial assets	2,418,049
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,418,049

NOTE 6 - PATIENT CARE RECEIVABLE AND RELATED ALLOWANCE FOR DOUBTFUL ACCOUNTS

Patient accounts receivable, prior to adjustment for the allowance for doubtful accounts, is summarized as follows at January 31, 2022:

Accounts receivable:	Amount
Patients	\$ 44,822
Government	326,499
Other	64,206
	\$ 435,527

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2022

NOTE 6 - PATIENT CARE RECEIVABLE AND RELATED ALLOWANCE FOR DOUBTFUL ACCOUNTS (Continued)

Allowance for doubtful accounts is summarized as follows at January 31, 2022

Allowance	Amount
Patients	\$ 154,674
All Other	87,038
	\$ 241,712

NOTE 7 - PATIENT SERVICE REVENUE

A summary of patient service revenue, net of contractual adjustments and discounts, is as follows at January 31, 2022:

Patient Service Revenue	Amount
Patient Service Revenue	\$ 3,137,212
Less: Contractual adjustment under third-party reimbursement program and discounts	(560,938)
Provision for bad debts	(617,696)
Net Patient Service Revenue	\$ 1,958,578

NOTE 8 - FIXED ASSETS

The following is a summary schedule of fixed assets and related accumulated depreciation carried in the general property fund.

Assets	
Land	\$ 136,500
Buildings and Improvements	4,208,609
Leasehold Improvements	95,187
Furniture and Equipment	1,829,047
Vehicles	26,327
Total Property and Equipment	6,295,670
Less: Accumulated Depreciation	(4,188,413)
Net Property and Equipment	\$ 2,107,257

Depreciation expense for the year ended January 31, 2022 totaled \$208,509.

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2022

NOTE 9 - CORPORATE INCOME TAXES

The Organization is exempt from corporate Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes. Therefore, no provision has been made for Federal or state corporate income taxes in the accompanying financial statements.

The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows. The Organization's federal and state income tax returns for 2019, 2020, and 2021 are subject to examination by the federal, state, and local taxing authorities, generally for three years after they are filed.

NOTE 10 - RETIREMENT PLAN

The Organization has a Section 403(b) plan for all eligible employees. To be eligible, an employee must be employed with the Organization for at least one year and must be at least eighteen years of age. For the year ended January 31, 2022, the plan was properly funded. Retirement expense recognized was \$- for the year ended January 31, 2022.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Annual Leave

The cost of employee's unused annual leave at January 31, 2022 in the amount of \$78,877 is included in the financial statements. See Note 2.J. above.

NOTE 12 - SUMMARY OF FUNDING AND SUPPORT

Outpatient Medical Center's operations are funded through restricted grants from HHS. Other grants and contracts are received from state and local government agencies. The grants and contracts for the current period are shown below.

Source	Grant Number	Period	Amount
U.S. Department of Health and Human Services - Health Center Cluster	H80CS00513	2/1/21-1/31/22	\$ 2,384,484
U.S. Dept. of HHS - CARES Act Grant	H8DCS35752	2/1/21-1/31/22	303,220
U.S. Dept. of HHS - COVID Testing Grant	H8ECS38769	2/1/21-1/31/22	161,368
U.S. Dept. of HHS - COVID-19 Grant	HICCS35024	2/1/21-1/31/22	20,982
U.S. Dept of HHS - Provider Relief Grant	N/A	2/1/21-1/31/22	875,794
Black Women's Health Imperative	1NU58DP006367-01-00	2/1/21-1/31/22	100,000
Delta Dental	N/A	2/1/21-1/31/22	30,000
TOTALS			\$ 3,875,848

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2022

NOTE 13 - NOTES PAYABLE

Notes payable consist of the following at January 31, 2022:

Notes payable to Bank of Montgomery; fixed interest rate of 5.75% due in monthly installments of \$8,428 which includes principal and interest; matures October 2024; secured by real estate. \$ 933,249

Maturities of long-term debt are as follows:

	Principal	Interest	TOTAL
2023	\$ 47,685	53,455	\$ 101,140
2024	50,500	50,640	101,140
2025	53,482	47,659	101,141
2026	56,639	44,501	101,140
2027	59,983	41,157	101,140
Thereafter	<u>664,960</u>	<u>183,609</u>	<u>848,569</u>
Totals	<u>\$ 933,249</u>	<u>421,021</u>	<u>\$ 1,354,270</u>

NOTE 14 - REFUNDABLE ADVANCES

The Organization records grant awards accounted for as exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenue. The activity in the refundable advance account is reported as follows:

Provider Relief Fund	\$ <u>8,998</u>
Refundable advances, end of year	\$ <u><u>8,998</u></u>

NOTE 15 - LITIGATION

Outpatient Medical Center, Inc. maintains general liability, property, fidelity, managed care professional liability, directors and officers, and other insurance coverage in amounts the Organization believes to be adequate. The Organization requires contracting health care providers to maintain malpractice insurance coverage in amounts customary in the industry.

In the ordinary course of its business, Outpatient Medical Center, Inc. is a party to claims and legal actions by enrollees, providers, and others. After consulting with legal counsel, the Organization is of the opinion that any liability that may ultimately be incurred as a result of these claims, legal actions, audits, or investigations will not have a material adverse effect on the financial position or results of operations of Outpatient Medical Center, Inc.

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2022

NOTE 16 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 43% of the Organization's funding is provided by direct grants from the U.S. Department of Health and Human Services.

NOTE 17 - GRANT BALANCES AND GRANT CONDITIONS

The Organization has responsibility for expending grant funds in accordance with specified instructions from its funding sources. Any deficits resulting from over expenditures and/or questioned costs are the responsibility of the Organization.

Any unexpended grant funds at the end of the grant period may be refundable or carried over to the following period at the discretion of the funding sources.

Notwithstanding the audits by independent certified public accountants, all costs included in this report remain subject to audit by the agencies providing financial support within the limits of the Uniform Guidance. The determination as to whether costs will be allowable or unallowable under the grants will be made by representatives of the funding sources having authority to make and enforce contracts.

NOTE 18 - OPERATING LEASES

Future minimum lease payments for the Leesville site under noncancelable operating leases with initial or remaining terms in excess of one year at January 31, 2022, are as follows:

<u>Year Ending</u>	<u>Amount</u>
2022	\$ 107,952
2023	<u>28,800</u>
Total minimum lease payments	<u>\$ 136,752</u>

NOTE 19 - NET PATIENT SERVICE REVENUE

Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors and others for services rendered including estimated retroactive adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

OUTPATIENT MEDICAL CENTER, INC.
Notes to the Financial Statements
January 31, 2022

NOTE 20 - ADVERTISING

Outpatient Medical Center, Inc. uses advertising to promote its programs among the communities it serves. The production costs of advertising are expensed as incurred. During the year ended January 31, 2022, advertising cost totaled \$5,552.

NOTE 21 - PAYCHECK PROTECTION PROGRAM - LOAN FORGIVENESS INCOME

Outpatient Medical Center, Inc. was granted a \$512,500 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. Outpatient Medical Center, Inc. initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. Outpatient Medical Center, Inc. recognized \$512,500 of loan forgiveness income for the year ended January 31, 2022.

NOTE 22 - SUBSEQUENT EVENTS

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of Outpatient Medical Center, Inc. evaluated the activity of the Organization through September 20, 2022.

SUPPLEMENTARY INFORMATION

SCHEDULE A

OUTPATIENT MEDICAL CENTER, INC.
 Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Chief Executive Officer
 For the Year Ended January 31, 2022

In accordance with Act 706 passed during the 2014 regular Louisiana Legislative Session, the compensation, benefits, reimbursements and other payments to the Chief Executive Officer are presented as follows:

Category	Amount	Total
Salary	\$ 285,000	
Total salary		\$ 285,000
Benefits:		
Health insurance	\$ 8,248	
Retirement	<u>11,400</u>	
Total benefits		19,648
Travel:		
Travel	<u>-</u>	
Total travel		<u>-</u>
Total Compensation, Benefits, Travel, and Other Expenses		<u>\$ 304,648</u>

OUTPATIENT MEDICAL CENTER, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended January 31, 2022

Federal Grant/ Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Grant Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Health Resource & Service Administration Bureau of Primary Health Care			
Direct Grants:			
Health Center Cluster			
Consolidated Health Centers	93.224	H80CS00513	\$ 837,384
Affordable Care Act Grant for New and Expanded Services Under the Health Care Program	93.527	H80CS00513	1,547,100
COVID-19 Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding	93.224	H80CS35752	303,220
COVID-19 FY 2020 Coronavirus Supplemental Funding for Health Centers	93.224	HICCS35024	20,982
COVID-19 FY 2020 Expanding Capacity for Coronavirus Testing (ECT)	93.224	H8ECS38769	<u>161,368</u>
Total Health Center Cluster			<u>2,870,054</u>
Provider Relief Fund	93.498	N/A	<u>875,794</u>
Pass through Black Women's Health Imperative National Diabetes Prevention Program	93.261	1NU58DP006367-01-00	<u>92,004</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>3,837,852</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,837,852</u>

OUTPATIENT MEDICAL CENTER, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended January 31, 2022

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Outpatient Medical Center, Inc. under programs of the federal government for the year ended January 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Outpatient Medical Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Outpatient Medical Center, Inc.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDIRECT COST RATE

Outpatient Medical Center, Inc. does not have indirect cost and has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Outpatient Medical Center, Inc.
Natchitoches, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Outpatient Medical Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of January 31, 2022, and the related statement of operations and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Outpatient Medical Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Outpatient Medical Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Outpatient Medical Center, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control exists* when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Outpatient Medical Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

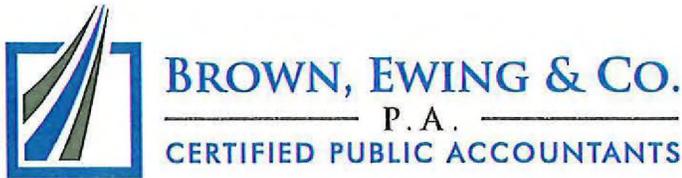
Outpatient Medical Center's Response to Findings

Outpatient Medical Center, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Outpatient Medical Center, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Egan & Co.
Ridgeland, Mississippi
September 20, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Outpatient Medical Center, Inc.
Natchitoches, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Outpatient Medical Center, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Outpatient Medical Center, Inc.'s major federal programs for the year ended January 31, 2022. Outpatient Medical Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Outpatient Medical Center, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Outpatient Medical Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Outpatient Medical Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Outpatient Medical Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended January 31, 2022.

Report on Internal Control Over Compliance

Management of Outpatient Medical Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Outpatient Medical Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Outpatient Medical Center, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Eggen & Co.

Ridgeland, Mississippi
September 20, 2022

OUTPATIENT MEDICAL CENTER, INC.
Summary Schedule of Prior Audit Findings
Year Ended January 31, 2022

Finding 2021-1

Condition

Expenditures for some grant funding could not be tracked separately within the Organization's accounting records

Current Status:

Not Corrected

Finding 2021-2

Condition

The allowance for doubtful accounts at year-end was not properly adjusted.

Current Status:

Not Corrected

Finding 2021-3

Condition

During our test of sliding fee patients, we noted three (5) instances out of 25 patient files reviewed in which the sliding fee discount was calculated incorrectly.

Current Status:

Corrected

OUTPATIENT MEDICAL CENTER, INC.
 Schedule of Findings and Questioned Costs
 Year Ended January 31, 2022

Section 1: Summary of Auditor's Results

- | | | |
|----|---|------------|
| 1. | Type of auditor's report issued on the financial statements. | Unmodified |
| 2. | Material noncompliance relating to the financial statements. | None |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes |

Federal Awards:

- | 4. | Type of auditor's report issued on compliance for major federal programs | Unmodified | | | | | | | | |
|-----------------------------------|---|------------------------|-------------|-----------------------------------|--------|----------------------------|--------|----------------------|--------|--|
| 5. | Internal control over major programs: | | | | | | | | | |
| | a. Material weaknesses identified? | No | | | | | | | | |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported | | | | | | | | |
| 6. | Audit findings that are required to be reported in accordance with 2 CFR Section 200.516 (a)? | None | | | | | | | | |
| 7. | Federal programs identified as major programs: | | | | | | | | | |
| | <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">HEALTH CENTERS CLUSTER</th> <th style="text-align: left; border-bottom: 1px solid black;">CFDA NUMBER</th> </tr> </thead> <tbody> <tr> <td>Consolidated Health Centers Grant</td> <td>93.224</td> </tr> <tr> <td>Affordable Care Act Grants</td> <td>93.527</td> </tr> <tr> <td>Provider Relief Fund</td> <td>93.498</td> </tr> </tbody> </table> | HEALTH CENTERS CLUSTER | CFDA NUMBER | Consolidated Health Centers Grant | 93.224 | Affordable Care Act Grants | 93.527 | Provider Relief Fund | 93.498 | |
| HEALTH CENTERS CLUSTER | CFDA NUMBER | | | | | | | | | |
| Consolidated Health Centers Grant | 93.224 | | | | | | | | | |
| Affordable Care Act Grants | 93.527 | | | | | | | | | |
| Provider Relief Fund | 93.498 | | | | | | | | | |
| 8. | The dollar threshold used to distinguish between type A and Type B programs: | \$750,000 | | | | | | | | |
| 9. | Auditee did not qualify as a low-risk auditee. | | | | | | | | | |

Section 2: Findings - Financial Statements Audit

Finding 2022-001 (Repeat)

SEGREGATION OF GRANT EXPENDITURES

Condition

Expenditures for some grant funding could not be tracked separately within the Organization's accounting records.

OUTPATIENT MEDICAL CENTER, INC.
Schedule of Findings and Questioned Costs
Year Ended January 31, 2022

Cause

Failure to follow proper Fund accounting procedures

Effect

Additional time was spent reclassifying costs from client spreadsheets

Criteria

The Organization's Fiscal Management Policy states that the accounting system will be organized and operated on a fund basis.

Recommendation

The Organization should strengthen internal administrative controls to ensure that all grant funding whose use is limited by donor, grant authority or governing agency is segregated in the Organization's chart of accounts into a series of separate funds. Through this use of fund accounting, the Organization can individually track receipts and expenditures by each funding award separately within the general ledger to ensure compliance and reporting accuracy.

Finding 2022-002 (Repeat)

ANALYSIS AND ADJUSTMENT OF ALLOWANCE FOR DOUBTFUL ACCOUNTS

Condition

The allowance for doubtful accounts at year-end was not properly adjusted.

Cause

Periodic adjustments were not made to the allowance account to properly write off uncollectible receivables.

Effect

Overstatement of receivable (assets) and understatement of bad debt (expense) in the accounting records.

Criteria

The Health Center Program Compliance Manual states that "The health center has and utilizes a financial management and internal control system that reflects Generally Accepted Accounting Principles (GAAP)...and ensures effective control over, and accountability for, all funds, property, and other assets associated with the Health Center Program project."

Recommendation

The Organization should review the adequacy of the allowance during the year and appropriately adjust the allowance. This can be done by conducting an overall evaluation of the accounts and reviewing the success rate of collection efforts. These efforts should minimize the need for a year-end adjustment of this account as well as improve the accuracy of interim financial statements.

OUTPATIENT MEDICAL CENTER, INC.
Schedule of Findings and Questioned Costs
Year Ended January 31, 2022

Finding 2022-003

BANK RECONCILIATIONS

Material Weakness

Condition

Bank reconciliations were not reconciled monthly to the general ledger.

Cause

Failure to follow established procedures.

Effect

Significant adjustments needed to correct accounting records.

Criteria

Policy Number 1.8 of the Center's Financial Policies and Procedures manual states that "Bank accounts are reconciled on a monthly basis".

Recommendation

The Organization should strengthen internal administrative controls to ensure that bank reconciliations for all accounts are completed timely and reconciled to the general ledger.

Section 3: Findings and Questioned Costs - Major Federal Award Program Audit

NONE

Outpatient Medical Center, Inc.
1640 Breazeale Springs, Suite A
Natchitoches, LA 71457
CORRECTIVE ACTION PLAN

Outpatient Medical Center, Inc. respectfully submits the following corrective action plan for the year ended January 31, 2022.

Name and address of independent public accounting firm: Brown, Ewing & Co.,
308 Highland Park Cove, Jackson, MS 39157.

Audit period: Year Ended January 31, 2022.

The findings from our January 31, 2022 schedule of findings and responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and responses.

Significant Deficiencies:

Finding 2022-001

Segregation of Grant Expenditures

Recommendation: The Organization should strengthen internal administrative controls to ensure that all grant funding whose use is limited by donor, grant authority or governing agency is segregated in the Organization's chart of accounts into a series of separate funds. Through this use of fund accounting, the Organization can individually track receipts and expenditures by each funding award separately within the general ledger to ensure compliance and reporting accuracy.

Corrective Action Plan:

Going forward, grant expenses will be recorded through the chart of accounts with a unique asset class identifier, which separates expenses related to each funding source. On a quarterly basis, a reconciliation will be done on grant expenses recorded in the general ledger against grant drawdowns reported during that period

Finding 2022-002

Analysis and Adjustment of Allowance for Doubtful Accounts

Recommendation: The Organization should review the adequacy of the allowance during the year and appropriately adjust the allowance. This can be done by conducting an overall evaluation of the accounts and reviewing the success rate of collection efforts. These efforts should minimize the need for a year-end adjustment of this account as well as improve the accuracy of interim financial statements.

Corrective Action Plan:

Currently, a review of the allowance for doubtful accounts is being conducted monthly. Adjustments are made based on a review of the monthly accounts receivable aging report and proposed bad debt write-offs for the month. The goal of the organization is that an adequate reserve is established to improve the accuracy of interim financial statements and to minimize the need for a year-end adjustment.

Finding: 2022-003

Material Weakness

Bank Reconciliations

Recommendation: The Organization should strengthen internal administrative controls to ensure that bank reconciliations for all accounts are completed timely and reconciled to the general ledger.

Corrective Action Plan:

In order to strengthen internal controls, a cash spreadsheet has been established for each bank account. This spreadsheet lists each deposit and cash disbursement and is used to insure that all transactions have been entered into the general ledger accounts appropriately. Bank reconciliations are conducted as soon as the bank statements are received in order to make sure that cash transactions are reviewed and entered in a timely manner.

If there are any questions regarding this plan, please contact me at (318) 357-2071.

Sincerely,

A handwritten signature in black ink, appearing to read "Dr. Mark Guidry" with a stylized flourish at the end.

Dr. Mark Guidry
Chief Executive Officer

**OUTPATIENT MEDICAL CENTER, INC.
AGREED UPON PROCEDURES REPORT
FOR THE YEAR ENDED JANUARY 31, 2022**



INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Outpatient Medical Center, Inc.
Natchitoches, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period February 1, 2021 through January 31, 2022. Outpatient Medical Center, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Outpatient Medical Center, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period February 1, 2021 through January 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- k) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were found as a result of this procedure.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document.

No exceptions were found as a result of this procedure.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

We selected the January 2022 bank reconciliations to review. We noted that all selected bank account reconciliations were prepared within 2 months of the closing date, were reviewed by management who does not handle cash, post ledgers, or issue checks, and there were no reconciling items that were outstanding more than 12 months from the statement date. However, even though the Exchange Bank #9901922 and the Citizens Nat'l Bank #1835505 bank reconciliations were prepared, they were not accurately completed during our research of outstanding checks. Two, out of five, randomly selected bank accounts were not properly reconciled.

Management Response:

In order to strengthen internal controls, a cash spreadsheet has been established for each bank account. This spreadsheet lists each deposit and cash disbursement and is used to insure that all transactions have been entered into the general ledger accounts appropriately. Backup for each transaction will also be maintained so that there is a clear audit trail that supports debits and credits to each bank account.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

The CFO confirmed that the Center has three deposit sites that is the physical location where a deposit is prepared and reconciled. Confirming the deposit sites with the CFO is management's representation that the list is complete.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

For each deposit sites, there is one collection location. We obtained a list of three collection locations from management (along with management's representation that the list is complete) and we selected the three collection locations.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Per our inquiry of the cash receipt procedures, we verified that the front desk staff are responsible for collecting patient fees and do not share cash drawers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Per our inquiry of the cash receipt procedures, we verified that the front desk staff (employee responsible for collecting cash) is not the same person preparing/making bank deposits (who is the Site Manager).

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Per our inquiry of the cash receipt procedures, we verified that the front desk staff (employee(s) responsible for collecting cash) is not the same person posting collection entries to the general ledger or subsidiary ledgers (who is the Accounting Manager).

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Per our inquiry of the cash receipt procedures, we verified that the front desk staff (employee(s) responsible for collecting cash) is not the same employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers (who is the Accounting Manager).

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

We inquired of management and verified that all employees who have access to cash are covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Receipts were printed electronically from Greenway. We haphazardly selected two deposits dates for the five selected bank accounts.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

For the ten tested collections, one deposit was not made within one business day of receipt at the collection location. Also, three deposits were not determined to be made within one business day because of lack of the receipt log.

Management's Response:

Procedures are currently being implemented for all sites to assure that cash receipt logs and deposit slips are turned into the Accounting office and deposited on a daily basis. This information will also be reviewed during the bank reconciliation process to make sure that documentation supporting these deposits is complete.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management provided the requested information, along with management's representation that the listing is complete. There was only one location.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

During observation, there are at least two employees are involved in initiating a purchase request (Requestor), approving a purchase (Procurement Officer), and placing an order/making the purchase (Procurement Officer).

- b) At least two employees are involved in processing and approving payments to vendors.

During observation, there are at least two employees are involved in processing (Accounting Manager) and approving payments to vendors (CFO/CEO).

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

During observation, the employee responsible for processing payments (Accounting Manager) is not the same employee adding/modifying vendor files (CFO).

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

During observation, the employee/official responsible for signing checks (CEO/Board Member) gives the payment to an employee to mail the payment (Accounts Payable Clerk) is not responsible for processing payments (Accounting Manager).

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

During testing, we noted that the only invoice with deliverables did not have any supporting documentation indicating deliverables were received by the entity.

Management Response:

Additional controls have recently been put into place to assure that documentation supporting the receipt of a deliverable is filed with the invoice. It is the responsibility of the Accounts Payable Clerk and Senior Accountant to make sure that this documentation is received prior to payment being processed.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

During testing, we noted that four disbursements documentation did not include evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9.

Management Response:

Duties are segregated; however, disbursement documentation was difficult to obtain at times during this audit period due to the current filing system. Over the last several months, much emphasis has been placed on making sure that documentation is complete and filed in a manner that can be easily obtained when needed.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided a listing of all active credit/debit/fuel cards for FY22, including the card numbers and the names of the persons who maintained possession of the cards. Management also represented that the listing was complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

During our testing of the selected monthly statements/combined statements, we noted that none of the monthly statements were reviewed and approved, in writing, by someone other than the authorized card holder.

Management Response:

Written procedures will be developed that outline the process for the review and approval of credit card statements. These procedures will include an authorization form that outlines the reason for the charge, the amount, and supporting documentation. Monthly statements will be reviewed and approved by someone other than the account holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Per review of the monthly statements, there were no finance charges or late fees assessed on the cards selected for testing.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

During our testing of the selected monthly statements/combined statements, we noted that 13, out of 16, receipts could not be found and there was no compensating control to address the missing receipts.

Management's Response:

A reconciliation is currently being conducted monthly to assure that approved receipts for charges associated with credit card transactions are filed with the corresponding statement. The staff member responsible for performing the reconciliation has been instructed to report any missing receipts to their supervisor immediately.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Management provided a listing of all travel and travel-related expense reimbursements for FY22. Management also represented that the listing was complete.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

There was one instance in which the paid reimbursement rate exceeded those rates established by the U.S. General Services Administration.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

During our testwork, we noted that three reimbursements was not supported by an original itemized receipt that identifies precisely what was purchased.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

During our testwork, we noted that four reimbursements were not supported by documentation of the business/public purpose and other documentation required by the Center's written policy.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

During our testwork, we noted that four reimbursements were not reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Management's response:

A new Travel Request Form was recently developed to help track and reconcile travel related expenses. Employees have been notified that receipts must be obtained on all travel related expenses in order to be eligible for reimbursement. Supporting documentation will be filed along with the travel form and will support the amount of the reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Management provided a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Management also represented that the listing was complete.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
The Center did not adopt neither the LA Public Bid Law nor the LA Procurement Code. Therefore, not required by law to follow.
- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
No exceptions were found as a result of this procedure.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented)..

During our review of contracts, we noted there were no contracts that were amended.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of this procedure.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management provided a listing of all employees and officials employed during the fiscal period. Management also represented that the listing was complete.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions were found as a result of this procedure.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions were found as a result of this procedure.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions were found as a result of this procedure.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions were found as a result of this procedure.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions were found as a result of this procedure.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

The CEO confirmed that the employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions were found as a result of this procedure.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were found as a result of this procedure.

Fraud Notice

21. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Per management, there were no misappropriations of public funds and assets during the fiscal period.

22. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

We observed the entity had posted on its premises that were visited, and on their website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Information Technology Disaster Recovery/Business Continuity

23. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management. No exceptions were found as a result of this procedure.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

- 24. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions were found as a result of this procedure. No exceptions were found as a result of this procedure.

- 25. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

We observed that the entity has posted its sexual harassment policy and complaint procedure on its intranet site.

- 26. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Not applicable to nonprofit entities.

We were engaged by Outpatient Medical Center, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Outpatient Medical Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in cursive script that reads "Brown, Eyer & Co." with a large loop under the "y" in "Eyer".

Ridgeland, Mississippi
October 5, 2022